



Hospital Wages:

A Rural/Urban Comparison

Hospitals rely upon a large pool of workers from a highly diverse group of occupations. Naturally, with the wide variety of occupations found within any hospital, wages will vary considerably from worker to worker. To keep things simple, we will examine the average annual wage for all hospital workers within groups of counties during 2008.

The distinction between rural and urban counties can sometimes be fuzzy. A county may have a relatively large city in one area while the rest of the county is very sparsely populated. A good example is Vernal in Uintah County. Instead of using the traditional rural/urban distinction, the wages of hospital workers were calculated for groups of counties on the basis of population density or population per square mile.

Not all counties in Utah have hospitals. Daggett, Emery, Morgan, Piute, Summit, and Wayne counties were not included because they did not have hospitals in 2008. The 23 counties with hospitals were separated into four groups according to population per square mile, where the most rural counties have the lowest population density and the most urban counties have the highest population density. As the chart reveals, hospital wages progressively increase as the population per square mile increases. The average annual hospital wage is \$34,096 in the most rural counties, while hospital workers in the most urban counties receive an average wage of \$45,589.

Why are hospital wages lower in rural areas? Part of the explanation may lie with the size of hospitals. Labor economists have long recognized that workers in larger establishments tend to receive higher wages than workers in smaller establishments. Only the largest hospitals are able to acquire and efficiently use the

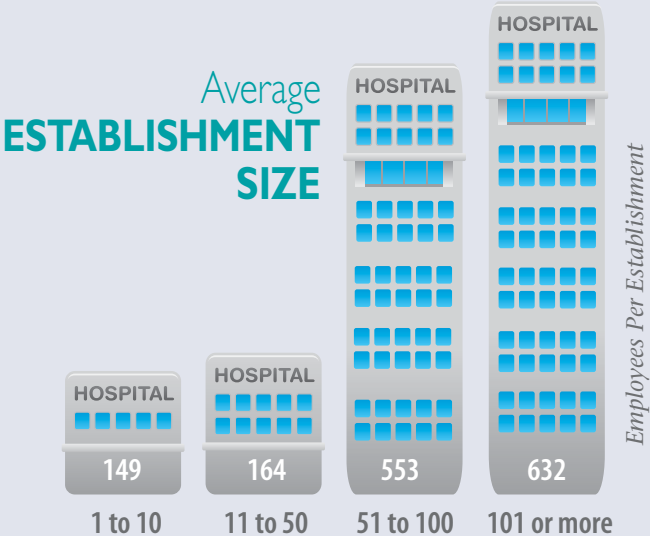
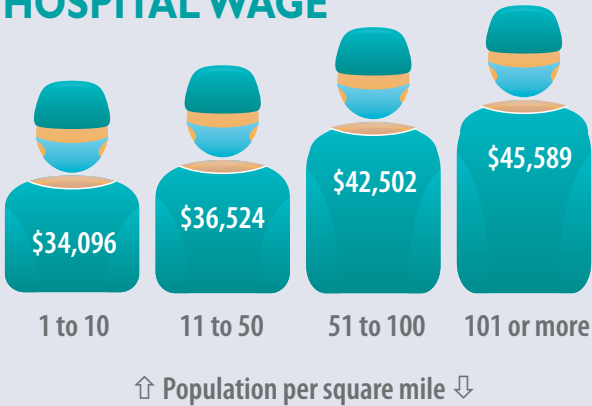
most advanced medical technologies. Moreover, large hospitals are in a better position to effectively utilize a wide array of specialists. Both of these facts can help account for the differences in wages between large and small hospitals. It shouldn't be surprising that hospitals in rural counties tend to be smaller than those in urban counties. Measuring the size of hospitals as the average number of workers per establishment, a look at the data shows that the average size of hospitals increases as we move from the most rural to most urban counties. The two upward trends in wages and establishment size are statistically related and suggest that the employer size/wage relationship holds for hospitals in Utah.

While it may be unwelcome news to rural hospital workers that their wages are lower on average as compared with urban hospital workers, the rural/urban wage gap may not persist indefinitely. Utah is currently the fastest growing state in the nation, with many rural counties exhibiting high population growth rates. As the population increases in these rural counties, the rising demand for hospital services should translate into the expansion of existing hospitals or the construction of new, larger facilities. If the employer size/wage relationship holds true, the rural/urban wage gap can be expected to narrow in the future. ❶



Population Per Square Mile	Counties
1 to 10	Beaver, Box Elder, Duchesne, Garfield, Grand, Juab, Kane, Millard, Rich, San Juan, Tooele, and Uintah
11 to 50	Carbon, Iron, Sanpete, Sevier, and Wasatch
51 to 100	Cache and Washington
101 or more	Davis, Salt Lake, Utah, and Weber

Average Annual HOSPITAL WAGE



Source: Utah Department of Workforce Services